



Claims Assessment – Another Piece in the Puzzle

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An effective risk management process needs to address risks arising from all the different parts of the ongoing insurance cycle, i.e. product design, pricing, sales, underwriting, and claims assessment. Only with a continuous link between these components can insurance products be successful and durable.

Whereas underwriters evaluate the risk of potential clients in order to decide about the best premium for both – client and insurance company – claims assessors determine which claims are to be paid in accordance to the terms and conditions specified in the insurance contracts. They are two equally important roles in the insurance process but with different perspectives.

The role of claims in the insurance life cycle

Professional claims assessment and expertise play a vital role in the results and the public's perception of a company, as well as influencing future changes to product design and underwriting practices. Claims assessors decide if the policy is valid, if the event corresponds to the policy conditions and if the client is eligible for benefits.

The insurance contract can be viewed as a promise to assist the insured when an unexpected event occurs. It is the claims assessor's job to honor this promise while ensuring that the company is protected against error and fraud. If claims assessment is too lenient, the overall profitability and results will be poor, which in turn will have a negative effect on all policyholders. However, if claims management is too strict, there will be adverse publicity and potential reputational damage for the company.

Claims and underwriting departments work closely together. Therefore, claims assessors should have an understanding of risk assessment because in processing claims they not only review the claim documents but also compare the information from the claimant with all the information available from the underwriting process. On the other hand, the claims department provides information to the underwriters. It passes on loss information and correlations detected in the processed claims. On the basis of these details, underwriting guidelines and policy wordings will be reviewed and adapted where necessary.

Hence, the claims assessor's role is more than identifying and paying valid claims; it plays an important part in an insurance company's external image and the promises made. Claims assessment is a critical balancing act and requires specialised skills and knowledge.

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The importance of well-trained claims assessors

The wide variety of products requires a comprehensive knowledge in different insurance fields (Life, Critical Illness, Disability, and Health), and claims assessors must be capable of building a structured claims management strategy across all of these products. They collect, handle and document all essential information related to each individual claim and bear the responsibility for claims settlement costs – the money to be paid out but also additional costs, e.g. for medical examinations, visits to the claimant or hiring a private investigator.

In addition to being a structured project manager, the claims assessor also

needs to be a communication expert, providing empathetic advice to clients. Also, an assessor is a crucial part of the company's quality management process in giving feedback to underwriting and product design. Only a well-trained claims assessor can meet all these requirements.

Targeted training can prepare an individual for coping with the rising demands in claims assessment, ensuring an optimum quality of decisions. Gen Re Business School has developed a compact training programme that addresses different lines of insurance in four modules. Get in touch with your local Gen Re representative to learn more about our training courses.

Figure 1: The insurance life cycle



About the authors



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